

Skylark Co., Ltd.

FY 2017 Third Quarter Financial Results

Nov. 9, 2017

Key Financials for Q3

- Achieved YoY increase of net income in Q3 2017
- Increases in new store openings and labor costs are in line with plan
- New store openings progressing as planned

	Q3 2017 (3 months)	YonY%	Q3 2017 (9 months)	YonY%
Sales	**94.2bn**	2.6%	**270.4bn**	2.1%
Same Store Sales Growth		*0.8%*		*0.9%*
Guest Count		*(0.3)%*		*(0.5)%*
Average Ticket Price		*1.1%*		*1.4%*
Operating Profit	**10.1bn**	0.2%	**23.0**	(3.3)%
Net Income	**6.3bn**	3.5%	**14.1bn**	2.0%
Restaurant Development	**Remodel 270, Conversion 24, New Store 68**			

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PL Summary for Q3 (9-months)

	Q3 2017 Cumulative		Q3 2016 Cumulative		Variance	
	Bn	% of Sales	Bn	% of Sales	Bn	YonY%
Sales	270.4	100.0%	264.8	100.0%	5.6	102.1%
Same Store Sales Growth	0.9%	-	(1.0)%	-	+1.8%	-
Guest Count	(0.5)%	-	(1.6)%	-	+1.1%	-
Average Ticket Price	1.4%	-	0.7%	-	+0.7%	-
Gross Margin	189.3	70.0%	185.8	70.2%	3.5	101.9%
Labor	90.7	33.5%	87.4	33.0%	(3.3)	103.8%
Other SG&A	75.6	28.0%	74.6	28.2%	(1.0)	101.3%
Operating Profit	23.0	8.5%	23.8	9.0%	(0.8)	96.7%
Profit before Tax	21.1	7.8%	21.7	8.2%	(0.7)	97.0%
Net Income	14.1	5.2%	13.8	5.2%	0.3	102.0%
EBITDA	33.2	12.3%	34.5	13.0%	(1.3)	96.3%
Adjusted EBITDA	34.3	12.7%	36.0	13.6%	(1.7)	95.3%
Adjusted NI	14.1	5.2%	13.8	5.2%	0.3	102.1%
Adjusted ROE	16.2%	-	16.2%	-	+0.1%	-

*1 Definition of Same Store Sales: 13month existing stores/including brand conversion/including Delivery GC
(calculated by Delivery Sales divided by the average Eat In ATP)
*2 ROE/Adjusted ROE : LTM base. Not audited numbers.

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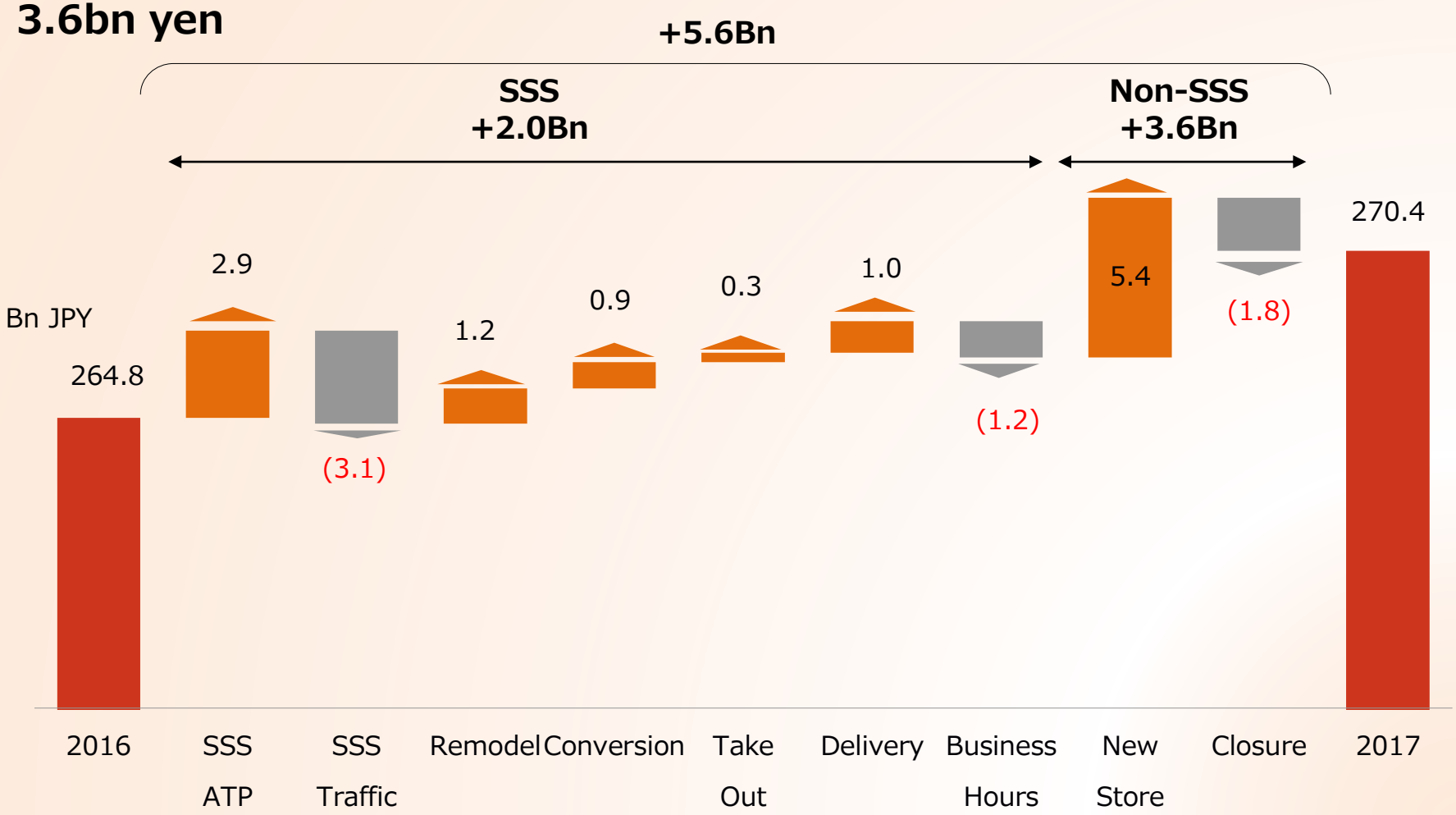
Q2 2017 vs. Q2 2016 (9-month): Sales

- Sales increased by 5.6bn yen
- Same Store Sales increased by 2.0bn yen and non-SSS increase by 3.6bn yen



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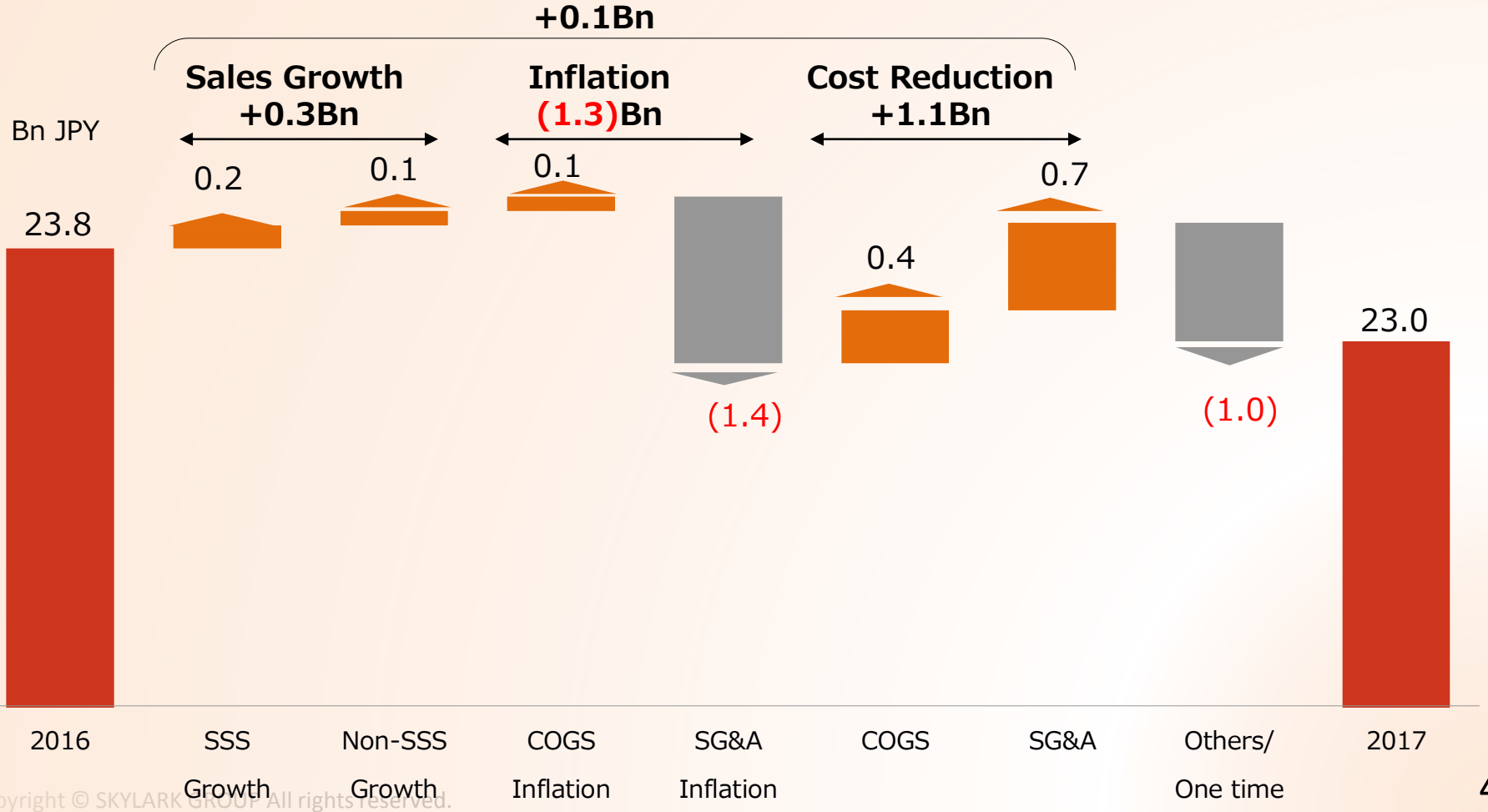
Q2 2017 vs. Q2 2016 (9-month): Operating Profit

- **Sales increase and cost reduction covered increases of costs associated with inflation of 1.3bn yen**
- **One time cost increased by 1.0bn yen such as cost for shareholder perks of 0.6bn yen booked in 2Q**



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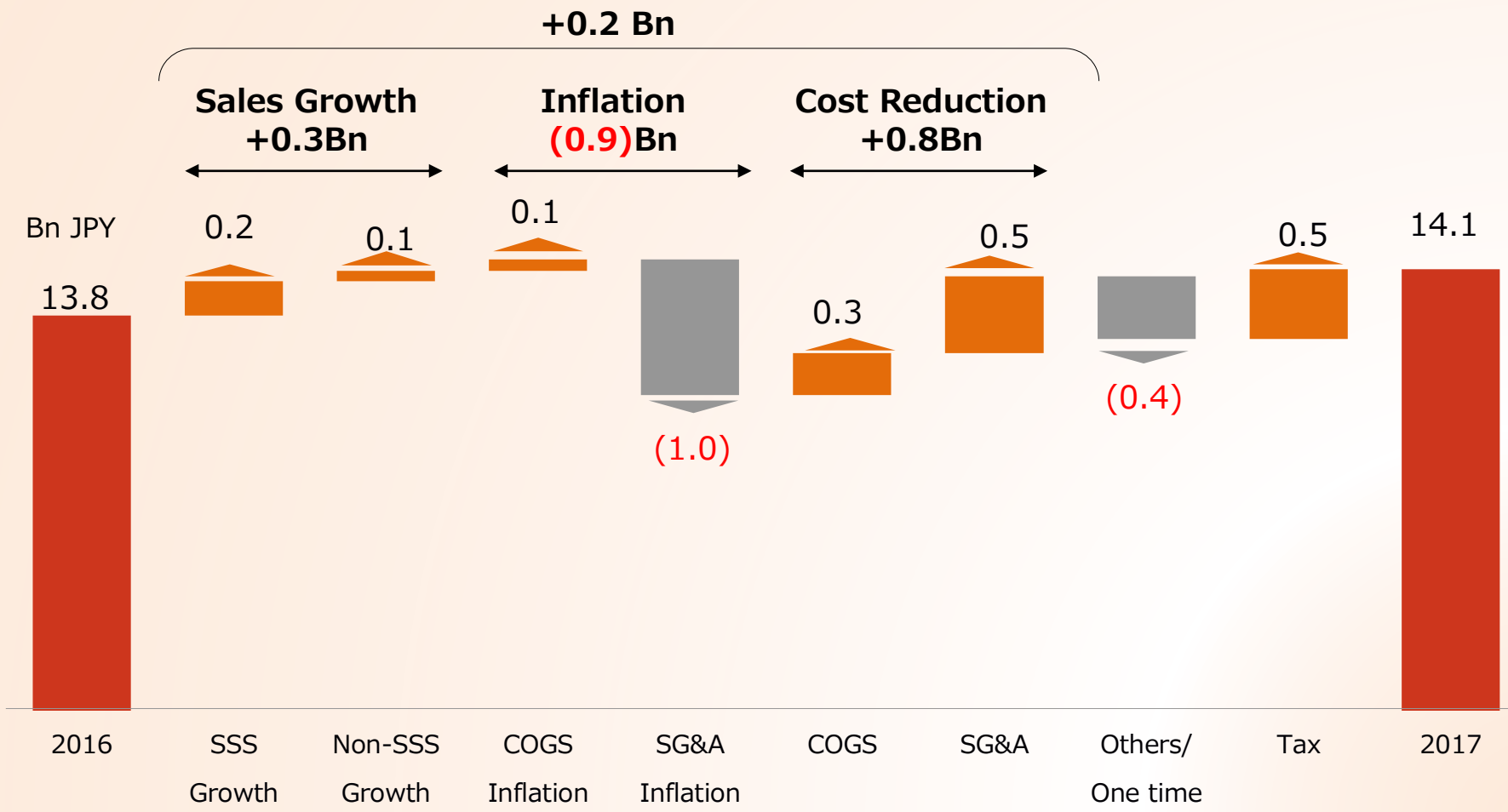
Q2 2017 vs. Q2 2016 (9-month): Adjusted Net Income

- Sales increase of 0.3bn yen and cost reduction of 0.2bn yen offset inflation impacts of 0.9bn yen
- Lower effective tax rate resulted in 0.3bn yen YoY increase of net income



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Restaurant Development Progressing as Planned

From the end of Dec. 2016 to the end of Sep. 2017

Brands	End of Dec. 2016	New	Conversion (+)	Conversion (-)	Close	Closed for conversion	End of Sep. 2017	Variance	Remodel
Gusto	1,357	8	4	(6)	-	-	1,363	6	132
Bamiyan	303	1	-	(1)	(2)	-	301	(2)	38
Jonathan's	331	3	-	-	(2)	-	332	1	42
Yumean	195	1	-	-	(2)	-	194	(1)	20
Syabu-Yo	147	20	5	-	(2)	-	170	23	15
Steak Gusto	137	-	-	-	-	-	137	-	-
Other	598	35	15	(17)	(11)	-	620	22	23
Total	3,068	68	24	(24)	(19)	-	3,117	49	270

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